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EDWIN D. HILL
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Secretary-Treasurer

May 28, 2009

Ms. Marlene Dortch
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

**Re: Ex Parte: Special Access Rates for Price Cap Local Exchange
Carriers WC Docket No. 05-25**

Dear Ms. Dortch:

High-capacity services represent a multi-billion dollar industry. Over 100,000 IBEW members install, maintain, and support the special access high-capacity lines that incumbent local exchange carriers (ILECs) like Verizon, AT&T, Qwest, Embarq, and other unionized telecommunications carriers provide to other carriers and large business retail customers. The Commission should not impose new price controls on special access as it would undermine investment, hurt competition and dampen incentive for telephone companies to invest further in their networks, which may slow the deployment of broadband services. More importantly, less investment translates into fewer jobs for our members. At a time when the government is trying to stimulate the economy by incenting more investment in infrastructure, the FCC should not disrupt a sector of the economy that has experienced tremendous investment. We urge the Commission to continue its current regulatory model for special access. At a minimum, the FCC should not take any action to adopt additional special access regulation until it collects more data on the scope of competitive alternatives to ILEC facilities.

Nearly ten years ago, the Commission changed the regulatory model governing high-capacity services and adopted the current price cap regulatory regime. This regulatory regime has encouraged ILECs, which employ union labor, to make substantial investments in high-capacity networks—investments that thousands of IBEW members are responsible for installing and maintaining.

In 2005 and again in 2007, the ILECs submitted extensive evidence to the Commission demonstrating that the existing regulatory regime for special access is working. Specifically, this evidence demonstrated that there is vigorous competition to provide high-capacity services, and evidence of steady declines in the prices carrier customers pay for high-capacity services. The 2006 Government Accounting Office report and the 2009 report commissioned by the National Association of Regulatory Utility Commissioners have also confirmed that prices carrier customers pay for high-capacity services have declined under the existing regulatory regime. Based on the extensive evidence that the existing



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regulatory regime is working, the Commission has a more than sufficient basis to close this proceeding without imposing new price controls on high-capacity services sold by incumbent local exchange carriers.

Despite the extensive record evidence that the existing regulatory regime is working, other entities—mostly non-unionized purchasers of high-capacity services—have called for the Commission to impose new price controls on high-capacity services sold by regulated carriers. The proposed price controls are not sound policy, particularly in these difficult economic times, and would result in severe negative impacts for the industry and its union workforce. Specifically, imposing artificial price reductions in this functioning marketplace would discourage investment from all providers of high-capacity services – both incumbents and their competitors. By discouraging investment, mandatory price reductions would also harm union workers.

Given the extensive record evidence of vigorous competition to provide high-capacity services and significant declines in the prices for those services, IBEW strongly urges the Commission to close this proceeding without imposing additional regulation on high-capacity services. However, if the Commission is not inclined to close this proceeding, the significant consequences of imposing additional regulation require that the Commission ensure that it has comprehensive information concerning the state of competition in the high-capacity services marketplace before undertaking any additional regulation of high-capacity services.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Edwin D. Hill", is written over a horizontal line.

Edwin D. Hill
International President

EDH:zsb

